

October 14, 2011



Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

RE: Notice of Ex Parte –
Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

On October 12, 2011 Patricia Stewart of Ironton Telephone Company, Trey Judy of Hargray Communications, Darby McCarty of Smithville Telephone Company, Inc, Craig Smith of MGW Communications, and Jerry Weikle of Weikle & Co met with Al Lewis and Randy Clarke of the Wireline Competition Bureau.

ERTA addressed the issues on the enclosed attachments. Regarding Halo, ERTA expanded on growing traffic volumes listed on the attachment. ERTA stated that it is encouraged USF and intercarrier compensation reform appears to be imminent. Reform addressing VoIP, phantom, and CMRS-in-the-middle types of traffic would be especially helpful.

ERTA believes reform should include periods to pause and review results before automatically moving forward.

ERTA stressed that certainty and the opportunity to recover the costs of current investments are important now and in the future. ERTA understands that current reform proposals already appear to cut significant amounts of recovery and is afraid that additional cuts could result in service disruptions to customers.

ERTA stated that USF Contribution Reform should be addressed in the recently announced upcoming further notice of proposed rulemaking.

If there are any questions, I can be reached at 704.782.7738.

Sincerely,

/s/ *Jerry Weikle*

Jerry Weikle
Regulatory Consultant

cc: Al Lewis
Randy Clarke



The Impact of Phantom Traffic and Traffic Laundering on Rural America

The Eastern Rural Telecom Association (“ERTA”) is a membership organization made up of community based local exchange companies (“LECs”) and support companies that provide telecommunications services to rural customers in the Eastern half of America. Besides providing local, long distance, and broadband Internet services, some ERTA members also provide wireless and cable television services. ERTA members play a role in sustaining the communities served.

ERTA members are experiencing growing volumes of “phantom” traffic and traffic from Halo. It appears that Halo has refused to pay invoices from ILECs for traffic termination services.

Phantom traffic that cannot be billed and invoices sent to companies like Halo that refuse to pay access or reciprocal compensation results in higher prices charged to other consumers. Revenues lost to traffic laundering fraud have to be made up with higher retail rates and also place more reliance on USF support to cover the higher costs to serve Rural customers.

Halo’s practice of traffic laundering is unfair to companies and the customers that pay higher rates resulting from large uncollectible amounts.

ERTA believes the FCC has existing authority to take action against companies like Halo that defraud companies serving end user customers.

One ERTA member reports that Halo traffic represented the following percentages of all access traffic and then all access and wireless reciprocal compensation traffic:

	Halo Traffic as a % of All Access and Wireless Recip Comp		Halo Traffic as a % of All Access
January 2011	6%		9%
July 2011	13%		16%

Another ERTA member reports that in July, Halo terminated about 47 MOUs per line, all uncompensated. This member serves a high cost area and already charges more than \$21 per month for residential service.



The Impact of USF and Intercarrier Compensation Reform on Consumers in Rural America

The Eastern Rural Telecom Association (“ERTA”) is a membership organization made up of community based local exchange companies (“LECs”) and support companies that provide telecommunications services to rural customers in the Eastern half of America. Besides providing local, long distance, and broadband Internet services, some ERTA members also provide wireless and cable television services. ERTA members play a role in sustaining the communities served.

ERTA asks the Commission to be mindful of negative impacts on customers in Rural America when considering modifications to the Universal Service Fund and intercarrier compensation system. ERTA hopes that changes to the intercarrier compensation system do not lead to customers in Rural America losing affordable Universal Service telecommunications and broadband services. Impacts from any plan to increase the cost of local telecommunications services to rural consumers must be carefully implemented.

ERTA hopes that FCC reforms do not result in the loss of jobs in Rural America dependent upon communications.

ERTA believes the contribution base for the Universal Service Fund should be expanded. The contribution mechanism is not fair because similar services are not assessed the same way if at all. Quick reform of the USF Contribution mechanism to spread contributions over a larger segment of customers will help mitigate other rate increases caused by USF/ICC reform.

In order to continue serving customers, ERTA members need cost recovery of current network investments.

ERTA believes that hard caps on funds would be harmful to companies and consumers in high cost areas.

ERTA believes that the FCC should monitor and periodically evaluate reform results and make adjustments as necessary.